



# China: Overseas Study Market in Chongqing

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## Summary

China's rapid economic development has contributed towards its emergence as an increasingly knowledge-based society. This trend has expanded into many parts of the country, including the dynamic markets of southwest China. Chongqing, a municipality of over 32 million people, represents one of southwest China's major areas of economic development. Over the past five years, the booming economy in Chongqing has resulted in an increasing number of students who can afford overseas study. Further, the in-flux of new multi-national and Chinese enterprises creates ever more demand for educated and more highly skilled manpower. About 5000 students from Chongqing have studied abroad in the past three years. Experts anticipate that this overseas study trend will continue over the next five years with a predicted annual growth rate over 10-15%. Recent surveys and research indicate that U.S. colleges and universities are the most preferred overseas study destination for students in Chongqing. As prospective students learn more about U.S. institutions and receive more accurate information about the U.S. visa process, increasing numbers of Chongqing students are expected to enter the U.S. for study.

## Market Demand

Chongqing is one of the four autonomous municipalities in China, together with Beijing, Shanghai and Tianjin. Chongqing's population of over 32 million and land area of 82,000 square kilometers make it the largest of China's four municipalities, and larger than some provinces. Chongqing's economy has grown steadily over the last decade. <sup>1</sup>GDP (gross domestic product) reached \$50.2 billion (RMB 349.2 billion) in 2006, an increase of 11.2 percent over 2005. Purchasing power is centered in the city's 6 million urban residents, whose disposable income climbed 13 percent in 2006 with \$1665 (RMB 11,570) and in 2007 over \$2000<sup>2</sup>, which made Chongqing urban purchasing power just after Chengdu and ranks the second of the key cities in Southwest China.

An increasing number of wealthy parents are willing to spend more money for their only child (China's one-child policy) to obtain the best education possible, however the limited quality and quantity of Chinese higher education institutes cannot meet their demand, only few students can get into their desired universities. Meanwhile, the competition for obtaining employment is growing day by day, which drives parents to consider enhancing their only child's ability through good education, since American has some of the finest academic institutions in the world, U.S. colleges and universities stand to benefit greatly from this field.

## Market Data

Overview Chongqing Education Situation: Chongqing is a renowned education center in Southwestern China. In total, Chongqing has over 10,000 schools, represented by primary schools, middle schools, high schools, colleges and universities. The total number of students is over 4,800,000, and each year about 150,000 students graduate from high school and about 95,000 from University.

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<sup>1</sup> Chongqing Statistical Yearbook 2007

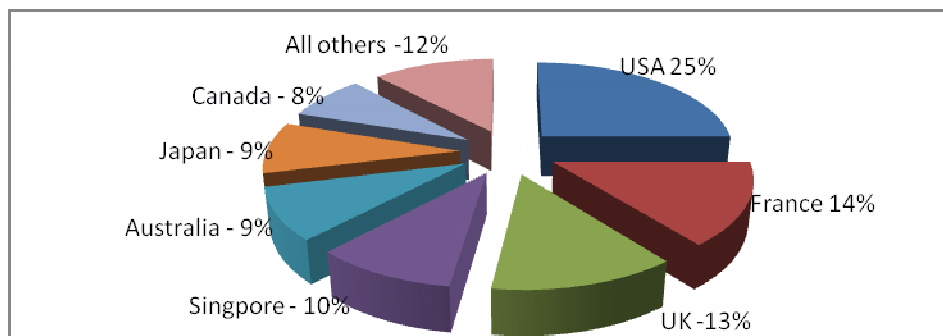
<sup>2</sup> [http://www.cq.xinhuanet.com/2008-01/18/content\\_12260552.htm](http://www.cq.xinhuanet.com/2008-01/18/content_12260552.htm)

Overseas Education Market: Rapid economic development has further spurred development of the education industry in Chongqing. <sup>3</sup>In 2000, there were 22 universities and colleges; currently there are 38 institutions of higher education in Chongqing. In 2006, 405,118 students enrolled in universities/colleges, which is 3.05 times the enrollment in 2000. Although universities/colleges are continuously enlarging student enrollment, it still can't meet the demand. <sup>4</sup>In 2008, 189,167 students participated in the 2008 Summer Chinese university/college Entrance Examination, which increased 6.7% of examinees compared with the amount in 2007. According to Mr. Qiu Ke, Director of the Chongqing Investment Office, the high school graduates in Chongqing will continual to increase in next four years, it will be difficult for local undergraduate enrollment to meet this demand. In 2008, the enrollment rate for undergraduates in Chongqing is just 60.2%, representing only 2% growth rate compared with last year.

Over the past three years, experts have estimated that more than 5,000 Chinese students from Chongqing have studied abroad. This represents an annual growth rate exceeding 10%. Experts anticipate that this trend will continue over the next five years, with predicted annual growth rates over 10-15%. Meanwhile, different Sino-Foreign joint institutions and projects are increasing rapidly, and various international cooperation and exchange programs are accelerating advancement. Clearly, the popularity of Studying abroad continues to grow each year.

On July 5<sup>th</sup> 2008, approximately 15,000 people attended the 2008 Chongqing International Education Exhibition (CQIE), and over one thousand students and parents spoke with representatives from U.S. universities and colleges' booths to inquire about U.S. education and express their strong interest in studying abroad in the USA. At the exhibition, the Organizing Committee of CQIE did a survey which indicated that the U.S. is the top choice for overseas education among Chongqing students (See Figure 1).

<sup>5</sup>Figure 1: CQIE Survey Result of Choice for Overseas Education Destination



In order to better understand the overseas market in Chongqing, CS Chengdu preformed an overseas study survey at the USA education promotion seminars, which were organized and given by Public Affairs Office and Consular Section of U.S. Consulate. CS Chengdu's survey results show that U.S. universities and colleges are by far Chongqing students' preferred overseas destination. Well over half of those surveyed indicated a strong desire to study in USA (See Figure 2). This is clearly much higher than CQIE's survey result, and might be due to the fact that most of the attendees were interested in U.S. education at the seminars. Comparing with CQIE's survey, there are some differences in the results, but

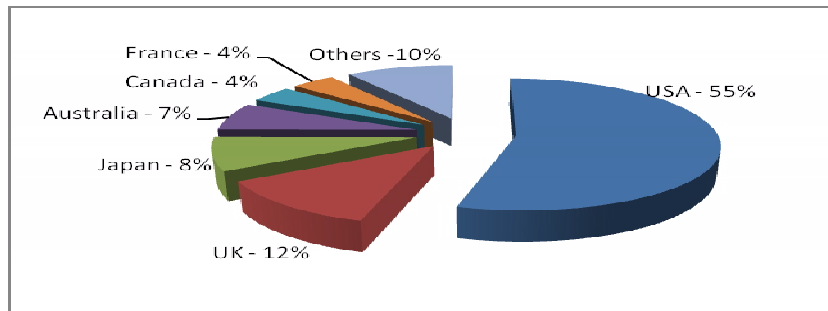
<sup>3</sup> Chongqing Statistical Yearbook 2007

<sup>4</sup> Chongqing Evening, May 30, 2008

<sup>5</sup> Data from the Organizing Committee of CQIE in July, 2008

the trend is quite same. From this data, we can see UK, Japan, Australia, Canada and France also are the some major overseas destinations reflected in CS Chengdu's survey.

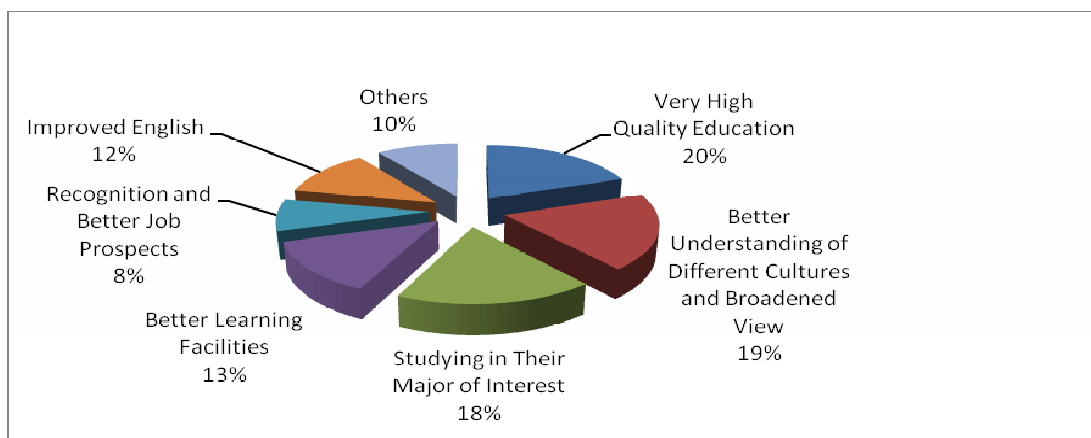
Figure 2: CS Survey Result of Choice for Overseas Education Destination in Chongqing



### Best Prospects and Prospective Buyers

Students from Chongqing experience fierce competition to gain admission to top universities. Further, the Chinese education system places often limits as well. Limited high quality Chinese education institutions let in a very select group of students who can study at top universities and chose the most popular majors. Meanwhile, in Chinese education system, students aren't allowed to change their majors and transfer to other schools after enrollment. Even though some of them really aren't interested in their majors or schools at all, they have to continue study and endure through graduation. The U.S. education system is much more flexible and adaptable, and provides many options for students. Thus is a very attractive feature for the best part of graduates from high schools and universities in Chongqing. If their families can afford the expense or if they can obtain scholarships, they will choose study abroad, and their ideal destination is U.S. Our survey also confirms other major reasons on selecting study in the USA: the high quality education, broadened view and prospect of study in their interest major (See Figure 3).

Figure 3: CS Survey Result of the Reasons for Selecting Study in the USA in Chongqing

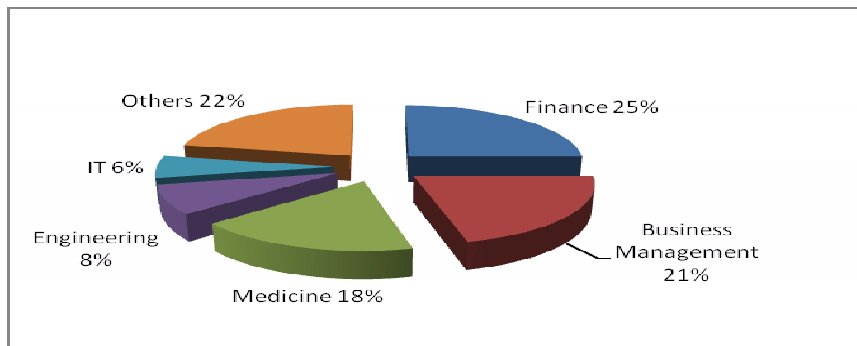


Meanwhile, about 40% of all Chongqing high school students are not able to enroll in domestic universities and colleges. Enrollment rate for undergraduates is 60% in Chongqing in 2008, which is slightly higher than the national average 58%. This still leaves, however, 75,253 students that are not able to enroll in domestic universities and colleges. Overseas education helps to bridge this gap, particularly for students from middle-class families.

Five years ago, almost 90% of students who pursued overseas studying sought Masters or PhD degrees, since most of the families could not afford their expense and they had to depend on the financial aid from universities. Obviously, students studying for Masters or PhD degrees have more opportunities to obtain financial aid than undergraduates' studying. Now, rising disposable incomes have given some families the financial means to send their children abroad for education. Undergraduate applications have soared in Chongqing, about 40% of students going overseas are for undergraduate study, 45.3% for Masters or PhD degrees, 4.2% for high school and 10.5% for others, per our survey.

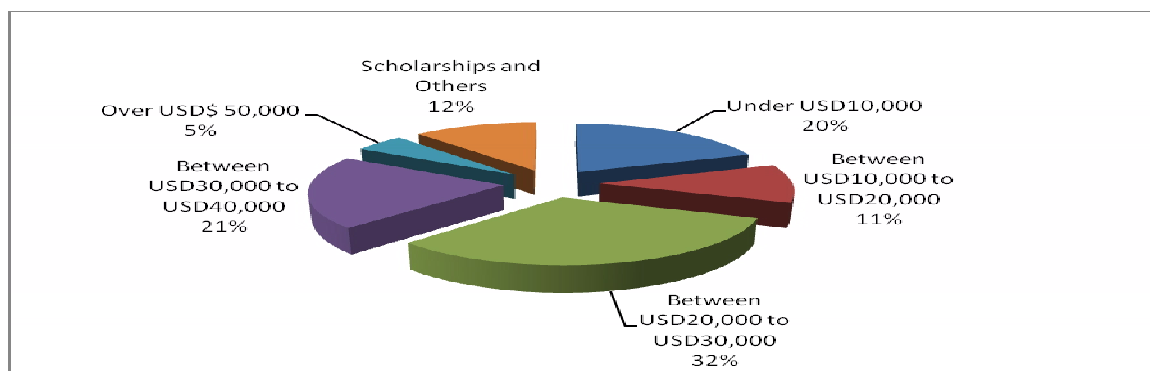
For selecting majors, traditionally, Chinese students have traveled abroad to pursue studies related to the sciences. Recently, students are beginning to branch out into other areas including business, economics, and social sciences. Today in Chongqing, preferred majors among Chinese students studying abroad include Finance, Business Management, Medicine, Engineering and IT (See Figure 5). These majors are chosen with regard to the rapidly developing economy in China, in which more employment opportunities with relevant high salaries exist.

Figure 5: CS Survey Report of Pursued Majors for Overseas Education in Chongqing



Our survey also confirmed that more and more Chinese families are financially able to send their children abroad for education. The survey results further show that for families who are planning to send their children abroad, over half can afford at least \$ 20,000/year (See Figure 6).

Figure 6: CS Survey Result of Families Financial Preparation for Overseas Education in Chongqing



There is also increased awareness among Chongqing students for non-traditional programs such as Community Colleges, Liberal Arts colleges. Today, quite a few families are starting to consider about those options. The Liberal Arts colleges in American are dynamic institutions, and <sup>6</sup>“Liberal education has meant many things. But at its core is the idea of the kind of education that a free citizen of a society needs to participate in it effectively”. Community Colleges provide the initial 2 years work on for students to English

<sup>6</sup> Glazer, Nathan. “after the Culture Wars,” New York Times Review of Books, 7/26/98:6.

and other academics. They also create an important bridge for students who want to go to top schools in the U.S. with significant cost savings for the first two years.

## Key Suppliers

Although the ideal overseas education destination for Chongqing students is the U.S., perceptions over visa issuance also drive them for other international programs. Australia and the UK, are also very active players in the overseas study market. Australia has the leading market share in Chongqing with an estimated 25% of the total market share. In addition, Australia has stepped up efforts to cooperate with local universities to design 1-2-1, 2+2 and college preparatory agreements which offer local students a two-year study abroad option for undergraduates with reduced overall cost for overseas study. The U.K. follows with 15% market share and has a strong education promotion team and has been active in the market for many years. They have established very a good relationship with local education governments, institutions and have partnerships with local recruitment agencies.

This represents an approximate 25% total market share for Canada, France, Germany and the other European countries in Chongqing. About 20% of the total market share represents Singapore, Japan and Korea. All of those countries are strengthening promotions through favorable policies such as financial aid, after study employment opportunities, and other varied methods for attracting local students.

Currently, the U.S. accounts for about 15% market share, but experts point out that studying in the USA is growing fast and is likely to become the leading market share in next 2-5 years. With the continual strengthening of the RMB to the U.S. Dollar, the cost of studying in the USA is becoming more affordable for families and more competitive compared with the cost of studying in other English language countries.

## Market Entry

Fully 45% of students get information about overseas schools through the internet (See Figure 7). According to the CS survey, 50% of students would like to apply overseas schools by themselves. However, still 24% of students need recruiting agents to help them to find schools (See Figure 8), since senior high school students are overloaded in their study and have very little time to search schools. Meanwhile, there are usually not any the student affairs advisors and staff in Chinese schools to provide advice for students to select the fit universities. Students also contact the local Sino Foreign joint running schools and the representative office of foreign schools to apply overseas study.

Figure 7: CS Survey Result of Getting Information Ways for Overseas Schools in Chongqing

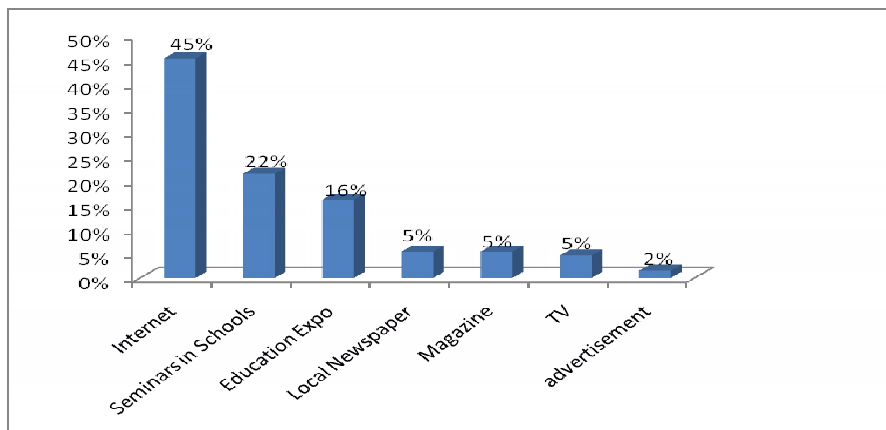
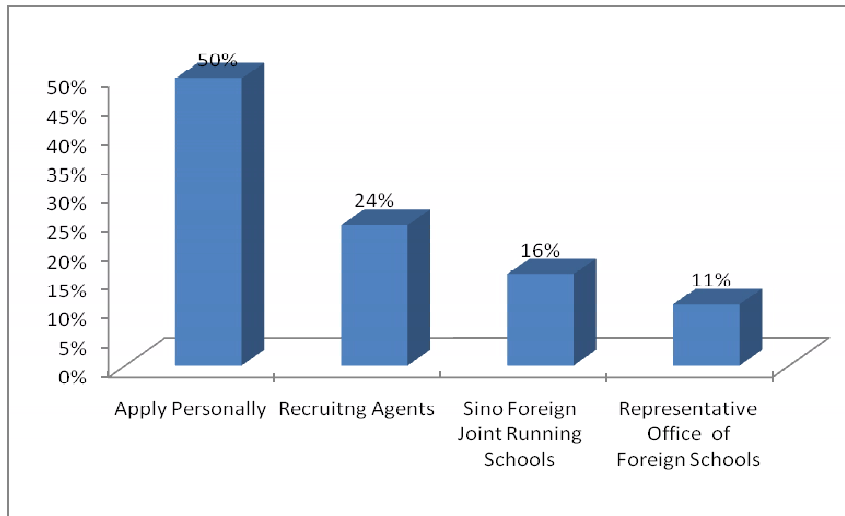


Figure 8: CS Survey Result of the Ways of Applying Overseas Institutions in Chongqing



As a result of this finding, we suggest the following for U.S. education institutions trying to penetrate the overseas study market.

1. Develop Chinese-language websites. Most Chinese parents don't like to visit English websites and most of them are the decision makers for their children's study.
2. Increase outreach programs and take steps to meet more clients.
3. Attend local education fairs to directly promote the school and recruit the local students.
4. Establish a good partnership with local authorized recruitment agencies and overseas advising centers. However, be very careful screening potential partners to ensure that they are actively involved and legitimate student recruiters. <sup>7</sup>Currently, there are 7 authorized recruitment agencies in Chongqing.

### Market Issues & Obstacles

All students must obtain F-1/F-2, J-1/J-2 or M-1/M-2 visas to study in the United States. University admission officers should be aware of and counsel prospective students on visa procedures, which can affect travel to the United States. Information pertaining to visa procedures can be found on the U.S. Embassy and U.S. Consulate General Chengdu's website:

[http://beijing.usembassy-china.org.cn/visa\\_info.html](http://beijing.usembassy-china.org.cn/visa_info.html)

<http://chengdu.usembassy-china.org.cn>

School representatives that are visiting Chengdu are also encouraged to arrange meetings with the Consular Officer to exchange visa-related procedures and issues.

Visa issuance rates for students in Southwest China is quite high, over 75%. The US realizes the importance of overseas education, as well as the cultural linkages it creates.

<sup>7</sup> [http://www.jsj.edu.cn/md\\_index.php](http://www.jsj.edu.cn/md_index.php)

## Trade Events

Chongqing International Education Exhibition

Sponsored by: Chongqing Education Committee China Education Association for International Exchange

Organized by: The Organizing Committee of 2008 China (Chongqing) International Education Exhibition

Date: July, 2009

Place: Chongqing.

Contact Person: Theresa Fan, Tracy Ou, Catherine Zou

Tel: 0086-23-6303 7612/6303 5653

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E-mail: [cqie@cjee-cq.com](mailto:cqie@cjee-cq.com) [perfect@cjee-cq.com](mailto:perfect@cjee-cq.com)

Website: <http://www.cjee-cq.com/>

Briefing: Chongqing International Education Exhibition is the largest comprehensive education exhibition in the southwest of China. Since officially approved by the Chongqing Municipal Education Commission in 2004, the annual CQIE has been successfully held four times, attracted the universities and joint projects from all over the world such as Australia, Belgium, Canada, Germany, Hong Kong(China), Japan, Malaysia, Netherlands, New Zealand, Philippines, Singapore, Switzerland, UK and U.S.A to participate in the exhibition. And more than 10,000 visitors come to know the latest education information around the world every year.

## Relevant Trade Events in China

### China Education Expo 2008

Approved by: Ministry of Education, PRC

Sponsored by: China Education Association for International Exchange

Organized by: Fairlink Exhibition Services Ltd.

Date: October 30, 2008

Place: Chengdu

URL: <http://chinaeducationexpo.com/>

2008 China International Higher Education Exhibition Tour (CIHEET)

<http://www.fairlink.com.cn>

China International Education Exhibition Tour

[www.cieet.com/cieet/English/web/Welcome.htm](http://www.cieet.com/cieet/English/web/Welcome.htm)

## Resources & Key Contacts

China Education Association for International Exchange (CEAIE)

[www.ceaie.edu.cn](http://www.ceaie.edu.cn)

NAFSA: Association of International Educators

[www.china.nafsa.org](http://www.china.nafsa.org)

### Relevant Web Sites:

<http://www.liuxueusa.cn/english.htm>

Promotes US education to Chinese

<http://chengdu.usembassy-china.org.cn>

U.S. Consulate General, Chengdu

<http://www.moe.edu.cn/english/list.htm>

List of Chinese Higher Education Institutions

<http://www.jsj.edu.cn/mingdan/>

List of authorized recruitment agencies and overseas advising centers in China

### **About Chongqing Education Websites:**

<http://61.186.220.70/zwgk/index.html>

Chongqing Municipal Education Commission (Only Chinese version)

<http://www.cqjy.com/>

Chongqing Education and Research (Only Chinese version)

<http://www.cqtrain.com/>

Chongqing Education Training (Only Chinese version)

### **For More Information**

The U.S. Commercial Service in Chengdu, China can be contacted via e-mail at: Lin.Liping@mail.doc.gov; Phone: 86 28 8558 3992 Ext.6633; Fax: 86 28 85589221; or visit our website: [www.buyusa.gov/china](http://www.buyusa.gov/china).

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